



# CALIFORNIA ASSESSORS' ASSOCIATION

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January 26, 2011

The Honorable Jerome E. Horton  
Chairman

State Board of Equalization  
450 N. Street MIC 71  
Sacramento, CA 95814

Re: Petition for Amendment of Property Tax Rule 462.160  
*Change in Ownership – Trusts*

Dear Mr. Horton:

The above referenced petition from Mr. Stephen H. Bennett, calls for amendment of Property Tax Rule 462.160 *Change in Ownership – Trusts*. In his petition, Mr. Bennett seeks to amend Rule 462.160 to “clarify” the change in ownership consequences when certain property interest terminate.

Mr. Bennett believes that a recent California Supreme Court decision, *Steinhart v. County of Los Angeles* 47 Cal. 1298 (2010), raised two questions that should be clarified. In *Steinhart*, a trustor (Helfrick) created a revocable trust with herself as a sole beneficiary, and transferred a residence to the trust. Upon Helfrick’s death in 2001, the trust became irrevocable and under its terms, Helfrick’s sister, plaintiff Lorraine Steinhart (Steinhart), received a life estate in the residence with the remainder to Helfrick’s heirs. The Los Angeles County Assessor reassessed the residence since the transfer of the life estate to Steinhart caused a change in ownership.

First, did the receipt by Lorraine Steinhart of her life estate in Helfrick’s residence on Helfrick’s death trigger a reassessable change in ownership? The petitioner requests to amend Rule 462.160 to clarify the application of Revenue and Taxation Code section 61, subdivision (g) to his question. The *Steinhart* case was decided based on Revenue and Taxation Code section 60, section 61, subdivision (h), section 62, subdivision (d) and Rule 462.160 because the event at issue was the transfer of the life estate to Steinhart as a result of Helfrick’s death and the trust becoming irrevocable. The Court’s omission of section 61, subdivision (g) in its analysis is consistent with the position that section 61, subdivision (g) becomes relevant only upon Steinhart’s death, when the remainder interest of Helfrick’s heirs become possessory.

Second, will Steinhart’s future death then trigger a reassessable change in ownership of the same residence? Revenue and Taxation Code section 61, subdivision (g), Rule 462.160 and California Court of Appeal decision *Phelps v. Orange County Assessment Appeals Board No. 1* already make clear that a second change in ownership does in fact occur.

Therefore on behalf of the California Assessors' Association (CAA) we support BOE Staff's recommendation that you DENY Mr. Bennett's petition to amend Rule 462.160 because the current version of Rule 462.160 conforms to the applicable statutes as applied in *Steinhardt* and *Phelps*.

Respectfully,

A handwritten signature in black ink, reading "Douglas W. Wacker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Douglas W. Wacker  
President, California Assessors' Association

Cc: The Honorable Michelle Steel, Vice Chair  
The Honorable Betty T. Yee, First District  
The Honorable George Runner, Second District  
The Honorable John Chiang State Controller  
Kristine Cazadd, Interim Executive Director  
David J. Gau, Deputy Director, BOE Property and Special Taxes Department  
Dean Kinnee, Chief, county Assessed Properties Division  
Larry Ward, CAA Secretary  
County Assessors